

AMENDED IN SENATE APRIL 18, 2006

AMENDED IN SENATE MARCH 28, 2006

SENATE BILL

No. 1704

Introduced by Senator Kuehl

February 24, 2006

An act to amend Sections 127660, 127662, 127664, and 127665 of the Health and Safety Code, relating to public health.

LEGISLATIVE COUNSEL'S DIGEST

SB 1704, as amended, Kuehl. Health care benefits.

Existing law requests the University of California to assess legislation proposing a mandated health benefit or service, as defined, to be provided by health care service plans and health insurers, and to prepare a written analysis in accordance with specified criteria.

This bill would, instead, request the University of California to assess legislation proposing to mandate a benefit or service, *as defined*, and legislation proposing to repeal a mandated service or benefit, as defined, *that is enacted and becomes effective on or after January 1, 2008*, and to prepare a written analysis in accordance with specified criteria.

Existing law further requests the University of California to develop and implement conflict-of-interest provisions that would prohibit a person from participating in any analysis in which he or she knows or has reason to know he or she has a material financial interest.

Existing law requests the University of California to submit a report to the Governor and the Legislature no later than January 1, 2006, regarding the implementation of the aforementioned provisions.

This bill would request the University of California to submit another such report to the Governor and the Legislature by January 1, 2010.

Existing law provides funding for the University of California's implementation of these provisions from fees imposed upon health care service plans and health insurers, which would not exceed a total of \$2,000,000, and are to be deposited in the Health Care Benefits Fund.

This bill would extend to January 1, 2011, the repeal date of those provisions, and would authorize the continued imposition of that fee through the 2009–10 fiscal year.

Vote: majority. Appropriation: no. Fiscal committee: yes.
State-mandated local program: no.

The people of the State of California do enact as follows:

1 SECTION 1. Section 127660 of the Health and Safety Code
2 is amended to read:

3 127660. (a) The Legislature hereby requests the University
4 of California to assess legislation proposing to mandate a benefit
5 or service, as defined in subdivision (c), and legislation
6 proposing to repeal a mandated benefit or service, as defined in
7 subdivision (d), and to prepare a written analysis with relevant
8 data on the following:

9 (1) Public health impacts, including, but not limited to, all of
10 the following:

11 (A) The impact on the health of the community, including the
12 reduction of communicable disease and the benefits of
13 prevention such as those provided by childhood immunizations
14 and prenatal care.

15 (B) The impact on the health of the community, including
16 diseases and conditions where gender and racial disparities in
17 outcomes are established in peer-reviewed scientific and medical
18 literature.

19 (C) The extent to which the benefit or service reduces
20 premature death and the economic loss associated with disease.

21 (2) Medical impacts, including, but not limited to, all of the
22 following:

23 (A) The extent to which the benefit or service is generally
24 recognized by the medical community as being effective in the

1 screening, diagnosis, or treatment of a condition or disease, as
2 demonstrated by a review of scientific and peer reviewed medical
3 literature.

4 (B) The extent to which the benefit or service is generally
5 available and utilized by treating physicians.

6 (C) The contribution of the benefit or service to the health
7 status of the population, including the results of any research
8 demonstrating the efficacy of the benefit or service compared to
9 alternatives, including not providing the benefit or service.

10 (D) The extent to which mandating or repealing the benefits or
11 services would not diminish or eliminate access to currently
12 available health care benefits or services.

13 (3) Financial impacts, including, but not limited to, all of the
14 following:

15 (A) The extent to which the coverage or repeal of coverage
16 will increase or decrease the benefit or cost of the benefit or
17 service.

18 (B) The extent to which the coverage or repeal of coverage
19 will increase the utilization of the benefit or service, or will be a
20 substitute for, or affect the cost of, alternative benefits or
21 services.

22 (C) The extent to which the coverage or repeal of coverage
23 will increase or decrease the administrative expenses of health
24 care service plans and health insurers and the premium and
25 expenses of subscribers, enrollees, and policyholders.

26 (D) The impact of this coverage or repeal of coverage on the
27 total cost of health care.

28 (E) The potential cost or savings to the private sector,
29 including the impact on small employers as defined in paragraph
30 (1) of subdivision (l) of Section 1357, the Public Employees'
31 Retirement System, other retirement systems funded by the state
32 or by a local government, individuals purchasing individual
33 health insurance, and publicly funded state health insurance
34 programs, including the Medi-Cal program and the Healthy
35 Families Program.

36 (F) The extent to which costs resulting from lack of coverage
37 or repeal of coverage are or would be shifted to other payers,
38 including both public and private entities.

1 (G) The extent to which mandating or repealing the proposed
2 benefit or service would not diminish or eliminate access to
3 currently available health care benefits or services.

4 (H) The extent to which the benefit or service is generally
5 utilized by a significant portion of the population.

6 (I) The extent to which health care coverage for the benefit or
7 service is already generally available.

8 (J) The level of public demand for health care coverage for the
9 benefit or service, including the level of interest of collective
10 bargaining agents in negotiating privately for inclusion of this
11 coverage in group contracts, and the extent to which the
12 mandated benefit or service is covered by self-funded employer
13 groups.

14 (K) In assessing and preparing a written analysis of the
15 financial impact of legislation proposing to mandate a benefit or
16 service and legislation proposing to repeal a mandated benefit or
17 service pursuant to this paragraph, the Legislature requests the
18 University of California to use a certified actuary or other person
19 with relevant knowledge and expertise to determine the financial
20 impact.

21 (b) The Legislature requests that the University of California
22 provide every analysis to the appropriate policy and fiscal
23 committees of the Legislature not later than 60 days after
24 receiving a request made pursuant to Section 127661. In addition,
25 the Legislature requests that the university post every analysis on
26 the Internet and make every analysis available to the public upon
27 request.

28 (c) As used in this section, “legislation proposing to mandate a
29 benefit or service” means a proposed statute that requires a health
30 care service plan or a health insurer, or both, to do any of the
31 following:

32 (1) Permit a person insured or covered under the policy or
33 contract to obtain health care treatment or services from a
34 particular type of health care provider.

35 (2) Offer or provide coverage for the screening, diagnosis, or
36 treatment of a particular disease or condition.

37 (3) Offer or provide coverage of a particular type of health
38 care treatment or service, or of medical equipment, medical
39 supplies, or drugs used in connection with a health care treatment
40 or service.

1 (d) As used in this section, “legislation proposing to repeal a
2 mandated benefit or service” means a proposed statute that *is*
3 *enacted and becomes operative on or after January 1, 2008, and*
4 *repeals an existing requirement that a health care service plan or*
5 *a health insurer, or both, do any of the following:*

6 (1) Permit a person insured or covered under the policy or
7 contract to obtain health care treatment or services from a
8 particular type of health care provider.

9 (2) Offer or provide coverage for the screening, diagnosis, or
10 treatment of a particular disease or condition.

11 (3) Offer or provide coverage of a particular type of health
12 care treatment or service, or of medical equipment, medical
13 supplies, or drugs used in connection with a health care treatment
14 or service.

15 SEC. 2. Section 127662 of the Health and Safety Code is
16 amended to read:

17 127662. (a) In order to effectively support the University of
18 California and its work in implementing this chapter, there is
19 hereby established in the State Treasury, the Health Care
20 Benefits Fund. The university’s work in providing the bill
21 analyses shall be supported from the fund.

22 (b) For fiscal years 2006–07 to 2009–10, inclusive, each
23 health care service plan, except a specialized health care service
24 plan, and each health insurer, as defined in Section 106 of the
25 Insurance Code, shall be assessed an annual fee in an amount
26 determined through regulation. The amount of the fee shall be
27 determined by the Department of Managed Health Care and the
28 Department of Insurance in consultation with the university and
29 shall be limited to the amount necessary to fund the actual and
30 necessary expenses of the university and its work in
31 implementing this chapter. The total annual assessment on health
32 care service plans and health insurers shall not exceed two
33 million dollars (\$2,000,000).

34 (c) The Department of Managed Health Care and the
35 Department of Insurance, in coordination with the university,
36 shall assess the health care service plans and health insurers,
37 respectively, for the costs required to fund the university’s
38 activities pursuant to subdivision (b).

39 (1) Health care service plans shall be notified of the
40 assessment on or before June 15 of each year with the annual

1 assessment notice issued pursuant to Section 1356. The
2 assessment pursuant to this section is separate and independent of
3 the assessments in Section 1356.

4 (2) Health insurers shall be noticed of the assessment in
5 accordance with the notice for the annual assessment or quarterly
6 premium tax revenues.

7 (3) The assessed fees required pursuant to subdivision (b) shall
8 be paid on an annual basis no later than August 1 of each year.
9 The Department of Managed Health Care and the Department of
10 Insurance shall forward the assessed fees to the Controller for
11 deposit in the Health Care Benefits Fund immediately following
12 their receipt.

13 (4) “Health insurance,” as used in this subdivision, does not
14 include Medicare supplement, vision-only, dental-only, or
15 CHAMPUS supplement insurance, or hospital indemnity,
16 accident-only, or specified disease insurance that does not pay
17 benefits on a fixed benefit, cash payment only basis.

18 SEC. 3. Section 127664 of the Health and Safety Code is
19 amended to read:

20 127664. The Legislature requests the University of California
21 to submit a report to the Governor and the Legislature by January
22 1, 2010, regarding the implementation of this chapter.

23 SEC. 4. Section 127665 of the Health and Safety Code is
24 amended to read:

25 127665. This chapter shall remain in effect until January 1,
26 2011, and shall be repealed as of that date, unless a later enacted
27 statute that becomes operative on or before January 1, 2011,
28 deletes or extends that date.